

TRUMBULL MAINTAINS STRONG BOND RATINGS

Fitch, Moody's and S&P cite a strong fund balance, robust economic development and pension deficit mitigation plan as reasons for preserving Town's bond rating

August 23, 2011 - - The Town of Trumbull has maintained its strong bond ratings, First Selectman Timothy M. Herbst announced Tuesday morning, in anticipation of the Town's upcoming debt issuance. Three rating agencies, Moody's Investors Service, Standard & Poor's (S&P) as well as Fitch Ratings, all issued favorable reports on the Town's bond rating on the heels of S&P's downgrade of the federal government's credit a few weeks ago, and almost two weeks after thirteen Aaa Towns in Connecticut were put on a watch list by Moody's. Many of those towns and cities were in Fairfield County, including Greenwich, Weston, Westport, Wilton, Darien, Easton, Fairfield, New Canaan, Norwalk and Ridgefield.

"With what is going on around us, specifically in Washington, in Hartford and in surrounding communities, we are very pleased to have maintained our bond rating in these unprecedented economic times," stated the First Selectman. "These reports confirm that our economic development is strong and our financial management is strong. More importantly, the reports confirm that the pro-active approach we have taken in addressing Trumbull's pension problem head on with a specific mitigation plan will help to preserve our bond rating into the future. The short term and long term structural reforms we are making to the municipal pension system in Trumbull will ultimately reduce our unfunded liability and protect the Town's financial health for years to come."

In a press release announcing that Trumbull had maintained its Aa2 bond rating, Moody's indicated in its rationale that, "the Aa2 rating reflects the town's satisfactory financial position and strong management practices which have demonstrated an ability to maintain the town's current reserves while addressing long term pension liabilities." The Moody report further noted that the Town of Trumbull will "pursue benefit changes through the collective bargaining process, including transitioning to a defined contribution retirement plan, in an effort to offset funding shortfalls and reduce the unfunded liability." While Fitch also noted that the Town had proactively addressed its unfunded pension liability, Fitch also took note of several other factors.

Fitch, who affirmed the Town's AA+ rating, noted increased economic development and tax stabilization as key factors that underlie the Town's strong financial position. "The fiscal year 2012 operating budget grew by a modest 1.9% over that of the prior fiscal year, and includes growth in debt service costs and pension funding. Sound tax base growth of approximately 1.9% for fiscal year 2012, the most in a non-revaluation year this decade, evidences the continued strength of the local economy and provided Trumbull with some flexibility in limiting its tax increase." Fitch also took note of the Town's strong general fund balance. "Trumbull's financial position is stable. Fiscal 2010 ended with a 1.2 million general fund surplus resulting

in a strong unreserved fund balance of \$14.7 million.” Fitch also went on to note that “surplus operations in fiscal 2010 were a result of savings attributed to cuts in staff, stronger tax collections than budgeted, and lower debt service costs resulting from a refunding.”

Town Treasurer John Ponzio also expressed enthusiasm regarding the favorable report from all three rating agencies. “As we weather this economic storm, the reports from these three rating agencies validate the approach that we have taken over the course of the last two years as it relates to Town finances. Aggressive cost control, a strong and detailed pension deficit mitigation plan, and a healthy fund balance are all factors that will allow us to maintain a strong bond rating and strive for an even stronger rating in the years ahead.”

“Considering the strong credit ratings achieved by the Town, we anticipate that the bond and note sales tomorrow will go extremely well,” said the Town’s Financial Advisor Matthew Spoerndle from Phoenix Advisors. “In this economic climate, ratings play a more important role than ever. Investors demand for high quality investments is very strong and as a result, interest rates should be among the lowest the Town has ever experienced.”